CED PUBLIC POLICY WATCH  
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1. **50 OF THE FORTUNE 100 PLEDGE $2B TO FIGHT INEQUALITY**

According to Axios’ analysis, [50 of the Fortune 100 companies](#) have announced donations to battle racism and inequality, with the total donated rising to more than $2 billion.

2. **SENATE REPUBLICANS INTRODUCE POLICE REFORM BILL**

[Senate Republicans on Wednesday unveiled a policing bill](#) that would discourage, but not ban, tactics such as chokeholds and no-knock warrants, offering a competing approach to legislation being advanced by House Democrats that includes more directives from Washington. The Republican proposal, which Senate leaders said would be considered on the floor next week, veers away from mandating certain policing practices, as the Democratic plan does. Instead, it encourages thousands of local police and law enforcement agencies to curtail practices such as chokeholds and certain no-knock warrants by withholding federal funding to departments that allow the tactics or do not submit reports related to them.
3. NOVEMBER 2020 ELECTIONS — COMPANIES TAKING ACTION_CED RELEASES STATEMENT

Axios reported in the past week, a number of companies have joined many more, and announced new efforts to facilitate voting in the November 2020 elections, which will be conducted under the disruption of the pandemic and as protests continue over racial injustice. In the last week: Uber announced that election days around the world would be a company holiday for its employees; Best Buy said it would limit store hours on Election Day so each of its roughly 125,000 employees "will have an opportunity to cast a vote in person"; Blue Apron announced it will make Election Day a paid day off; &pizza said it’s closing stores on Election Day to give employees opportunity to vote; Facebook CEO Mark Zuckerberg wrote in a USA Today op-ed that Facebook’s 2020 goal is "to help 4 million people register to vote."

CED released a statement this week and sent a letter to congressional leadership signed by the Trustee chairs of the Democratic Institutions subcommittee and Ad Hoc COVID-19 Committee calling for Immediate Action to Support an Accessible, Fair and Reliable November 2020 Election.

4. CONCERNS ABOUT THE EFFECTIVENESS OF THE PAYCHECK PROTECTION PROGRAM (PPP)

On Wednesday, an article in the Wall Street Journal expressed concerns that the Paycheck Protection Program (PPP), Congress’s small business support program originally enacted in the CARES Act, had failed to assist some of the small businesses most in need of support because of flaws in program design and administration. The PPP has provided potentially forgivable loans to less than fifteen percent of all small businesses in the US to date. By contrast, a Census Bureau survey of small businesses has found that roughly three-quarters of small businesses with between one and 500 employees have requested PPP loans (and nearly all businesses requesting such loans have received them). However, many of the very large number of self-employed individuals (categorized as zero employees in official statistics) have not applied.

Another concern is that PPP aid went to the small businesses least in need of aid, while failing to assist the businesses most at risk of failure due to COVID-19. The Opportunity Insight project released analysis showing that employment rates in the sectors most strongly impacted by COVID-19 fell by roughly the same amount on average at small businesses likely to be eligible for PPP as at larger businesses. However, it is not clear if small businesses would have fared worse on average without PPP, and the number of small businesses reporting cash-on-hand to cover at least a month’s worth of operating expenses increased from 42 percent at the end of April to 57 percent in the middle of May, a possible effect of PPP.

Eligible small businesses wishing to apply for a PPP loan have until June 30 to do so. While the program originally required funds to be spent by the end of June, modifications to the legislation now allow PPP recipients to expend funds by the end of the year. However, many businesses will likely have met the conditions for securing loan forgiveness by this month and
will no longer face penalties for large salary reductions or layoffs, meaning that even if PPP has been effective in preserving jobs to date, it may not be effective going forward.

5. FED CHAIR JEROME POWELL TESTIMONY

Federal Reserve Board Chair Jerome Powell presented his twice-annual “Humphrey-Hawkins” Monetary Policy Report to the Congress before the House and Senate Banking Committees on Tuesday and Wednesday.

Chairman Powell’s expressed concern at the public health crisis that has cause sharp declines of output and employment starting in February, and at the special ferocity of that decline on minority and other vulnerable populations. He noted that the uptick of employment in May was from a much-depressed base and remains well below the previous peak. He also noted that continuation of that rebound is dependent upon continued progress against the virus and renewed consumer confidence in their safety in personal interactions in places of business, as well as the economic damage to businesses and to unemployed workers that grows as the economic slowdown continues.

Chairman Powell was modestly satisfied with the course of the Federal Reserve’s policy response.—cutting interest rates essentially to zero quickly and employing “quantitative easing” early—but he acknowledged that many of the less-conventional tools utilized by the Fed, including its 11 technically aggressive lending facilities, are new and untried, and that configuring them has been correspondingly slow and subject to a learning process.

Asked about what the Fed can do to stem long-standing inequality in America, Powell responded, "A tight job market is probably the best single thing that the Fed can do to support gains by all low- and moderate-income communities, and particularly for minority communities that are heavily representative in those groups. ... Everything we're doing is to try to get the labor market back to where it was in February."

Chairman Powell, in keeping with his concern about the fragility of the recovery, warned against removing fiscal stimulus too soon, for fear of losing more businesses and imposing more and longer-lasting pain on the disadvantaged populations that have already suffered from the downturn.

6. UNEMPLOYMENT CLAIMS CONTINUE TO DECLINE

New unemployment benefit claims continue to slowly decline, while remaining at weekly levels higher than any seen prior to the COVID-19 pandemic. Roughly 1.4 million Americans filed new Unemployment Insurance (UI) claims and 760,000 filed Pandemic Unemployment Assistance (PUA, the new program aiding the self-employed and “gig” and contract workers) claims in the second week of June—though six states are still yet to report PUA claims. Roughly 29 million Americans were receiving some form of unemployment benefits in the week ending May 30, a
level roughly equivalent to one-fifth of all the non-farm workers as of February, the unemployment rate currently stands at 13.3%. As The Conference Board has reported, the young, Hispanics, women, minorities, and those with less education are being hit the hardest.

7. RETAIL SALES REBOUND—PARTIALLY

On Tuesday, the Commerce Department released its advanced estimates for total retail sales in May showing a sharp – but only partial – rebound after significant declines in March and April. Overall, retail sales in May remained more than 6 percent lower than last year’s level.

8. MILLIONS OF LOAN PAYMENTS SKIPPED

According to the credit reporting firm TransUnion and reported in WSJ, the number of accounts Americans have enrolled in deferment, forebearance or some other type of relief since March 1 and remain in this state reached 106 million at the end of May, nearly triple the number at the end of April. The largest increase is in student loans.

9. VACCINE AND THERAPEUTIC UPDATE

   List of Vaccines Narrowed to Seven

National Public Radio learned that the federal government’s “Operation Warp Speed” has narrowed its list of vaccine candidates to support down to seven, out of more than 100 candidates around the world, of which fewer than one dozen have been tested in humans. No public announcement identifying those seven candidates has been made. There was an initial list of 14 candidates, which was expected to be narrowed to eight, and then to three to five finalists. Five existing vaccine makers have already received public support – AstraZeneca, Johnson & Johnson, Merck, Sanofi, and Moderna. Operation Warp Speed is an interagency effort, headed by Moncef Slaoui, former chairman for vaccines at GlaxoSmithKline, who was named to the position by the President. NPR highlighted the lack of information about the selection process, noting the controversy surrounding the very concept of vaccines for all diseases in recent years. In the past, development of vaccines extended over multiple years to even decades. The perceived urgency of the current pandemic is driving the “warp speed” of this effort. Given the uncertainty, there is risk in committing resources to a small number of candidates so quickly, given that narrowing the field will slow the development of other candidates, and that the few chosen now may prove not to be the most effective, or even in the end to be effective at all.

   Inexpensive Steroid—Dexamethasone—Reduces Mortality

Also on the pharmaceutical response to Covid-19, British researchers have reported that a simple and inexpensive steroid, dexamethasone, reduces mortality in patients who have such advanced cases of the virus that they have been put on oxygen. The mortality reduction
reported was one-third for patients on ventilators, and one-fifth for those on oxygen otherwise. The treatment tamps down what in serious cases becomes a runaway natural immune response, rather than attacking the virus itself. In a frustrating indication of the complexity of the virus, the drug is of no benefit for patients who are less severely infected and not on oxygen. In yet another, the drug had been tested for SARS and MERS, but was of no benefit or even harm in those instances. Some experts are gun-shy given the extent to which rushed research has proven unreliable thus far in the pandemic, but if these findings hold up, they will provide at least some good news in the scramble for remedies for the virus. Thus far, only the anti-viral drug remdesivir has proved helpful, and it merely shortened episodes of the disease rather than reducing mortality.

**Public Supply Chain of Emergency Medical Supplies At Risk**

In a related story, the *Washington Post* reported that Emergent BioSolutions, the highest-paid contractor for maintaining the federal government’s stockpile of emergency medical supplies, has recently received a $628 million contract to help manufacture an eventual vaccine. The *Post* reported that the firm has acquired other firms that produced treatments for weaponized diseases, for which there is no market other than the federal government. Having achieved monopoly or near-monopoly status in several of these drugs, the company now is the only link in the public supply chain, which raises potential availability risks as well as competitive issues, according to an evaluation produced in 2018 by a Washington consulting firm. Given that status, several of its contracts with the federal government have been let without competitive bidding. Emergent BioSolutions is quoted as touting its role as an advocate for preparedness and for efficient production and innovation.

10. COVID-19 TRENDS AND STATE UPDATES

Twenty-one states have seen increasing numbers of new Covid-19 cases over the past week, including fifteen that had their highest-ever seven-day average rate of new initial cases. Many of the states experiencing faster COVID-19 growth in early June are places that did not experience significant outbreaks earlier in the pandemic, including California (Los Angeles), Florida, and Texas. So notably, many of the states with very rapid percentage increases in caseloads are still logging relative low absolute numbers of cases – although of course, with continued rapid growth, that could change. Dr. Fauci stated this week, that while more testing does result in more cases, the higher percentages of positive tests in many states, “cannot be explained by increased testing. Meanwhile, the outbreaks centered around New York City and Boston continue to slowly subside, though progress appears to have slowed.

The following charts (from the *New York Times*) make clear the divergence in the course of the pandemic within the United States. The regional cluster of states in the northeast, with comparatively large populations (dominated by New York State), has experienced its outbreak and is generally defeating it. However, much of the rest of the country, having missed the initial
wave of cases from the international transit hub in New York (and to a lesser extent on the west coast), is in an earlier stage of the process. Those states do not fit into neat regional categories, and the time profiles of their infections follow many divergent patterns; but the national appearance of a decline is demonstrably a function of the progress made in New York and nearby, and does not indicate uniform success across the nation. The chart highlights that the five geographically dispersed states of Arizona, California, Florida, North Carolina and Texas have numbers of cases that have grown substantially; but even the “rest of the nation” category shows little decline.

Viewing this picture on a per capita basis shows how the northeast dominated the early caseload, but the other large states with growing caseloads threaten overall national numerical progress.
New York
In New York, Governor Cuomo announced that he would suspend his daily COVID-19 press briefing after June 19. And, NYC Mayor Bill de Blasio announced that NYC will enter its next phase of reopening on Monday with as many as 300,000 employees expected to return to work. Outdoor dining, in-store shopping and office work will resume in the second phase. The MTA, whose ridership plunged more than 90% as the pandemic hit, expects over 2 million daily riders in Phase 2. The MTA is urging facemasks, the use of sanitizers and the avoidance of rush hour travel. More than 21,000 NY residents have died from the corona virus. It was also reported this week, that in Manhattan, the rental vacancy rate is now at its highest point in at least 14 years and for all of NYC, renters are signing leases at more than 8% off asking price on average, and home sale are booming in the suburbs.

Washington DC
Mayor Bowser announced that Washington, DC would enter phase 2 of its re-opening plan on June 22 – allowing for gatherings of up to 50 people, indoor dining and stores operating at 50 percent capacity, and other relaxations of restrictions.

California Imposes Mask Wearing Requirement
Mask-wearing requirements have become an issue of contention in some states. On Thursday, Governor Newsome is instituting mandatory face masks in public in California.
Meanwhile on Wednesday, Arizona Governor Ducey announced that he would allow local authorities to determine their own mask-requirement policies in the state. Similarly, Texas Governor Abbott also announced on Wednesday that he would not oppose plans by some local officials to fine businesses that don’t enforce local mask or social-distancing requirements on their employees and customers. By contrast, Nebraska Governor Ricketts has reportedly threatened to withhold Federal COVID-19 relief monies from localities that impose mask requirements in public buildings.

11. RESURGENCE OF COVID-19 IN BEIJING

After close to two months of no new infections, Beijing has reported new, locally transmitted cases of COVID-19 from 12 June. The Beijing Center for Diseases Prevention and Control stated that sequencing of the virus indicated that the strain could possibly be from Europe, although the origin is still uncertain. Government-owned media outlets reported that the Xinfadi wholesale market (the biggest wholesale food market in Asia) and the Jingshen seafood market, both of which were visited recently by the affected patients, would be closed for testing and sanitizing measures. In addition, city officials announced that an epidemiological investigation with environmental sampling, human contact tracing and testing (targeting market workers, visitors and anyone with whom they recently came into contact) would be carried out in all the areas recently visited by the infected. Strict lockdown measures were also imposed in approximately twenty-nine communities where the newly infected patients lived. Residents from “high-risk” areas were prohibited from leaving the city, with taxi services being banned from taking people outside Beijing. Airlines have canceled flights, and although airports have not been shut down, travel into and out of the city has been reduced. While there have been reports of the outbreak having already spread to neighboring provinces, all the new cases were traced to those who had been in close contact with the infected patients from Beijing. Schools have begun shutting down and public venues have been asked to close, leading to a “soft lockdown” being imposed in the capital.

12. SPOTLIGHT ON REOPENING: BRAZIL

As of 16 June, Brazil has confirmed 923,189 cases of the novel coronavirus and a total of 45,241 deaths. Currently, the country has recorded the second highest (below the United States) number of confirmed COVID-19 cases, as well as the second-highest number of deaths in the world.
Brazil detected its first case of the virus on 26 February and reported the first COVID-related death about three weeks later. The country announced a partial closure of its border with Venezuela on 17 March due to recommendations by health authorities who cited the dangers of Venezuela's collapsing health care system. Then on 19 March, Brazil closed all land borders with its nine neighboring countries, and restricted the entry of foreigners travelling by air on 30 March. Although neighboring countries began lockdown measures like closing educational institutions, Brazil’s federal government chose not to impose a country-wide shutdown of schools, prompting local governments to do so independently. Projections show that the epidemic has still not peaked, and as of the beginning of May, the country had one of the highest infection rates. Experts have attributed the rising number of cases and COVID-related deaths mainly to the Brazilian government’s lack of coordination, in addition to other factors including limited testing capacities and medical resources. Scientists have warned that the existing containment measures in Brazil have failed to reduce the spread of the virus.

President Jair Bolsonaro, in response to state governments enforcing lockdowns, referred to the virus as a “little flu” and criticized the various locally imposed measures. Even while being monitored for COVID-19 symptoms (after his press secretary tested positive for the virus), Bolsonaro met with supporters without a face mask and shook hands with over two hundred
participants during a public parade – leading to calls for his impeachment. Further, the dismissal of Brazil’s then-Health Minister, Luiz Henrique Mandetta, was met with wide disapproval from authorities and residents. Mandetta, in an interview, remarked that the country’s inconsistent response to the crisis left Brazil ill-equipped to compete in the global struggle for ventilators, tests and protective equipment for medical professionals. Despite warnings by health authorities and state officials about the risk of the country’s health systems being rapidly overwhelmed due to the lack of social distancing rules, Bolsonaro has persisted in dismissing quarantine and lockdown measures, continuing to call attention to reducing the economic impact of the pandemic.

According to reports, Brazil’s economy (which had not yet recovered from its past recession) is forecast to shrink about eight percent in 2020 – leading to fears of rising fiscal deficits and public debts, high unemployment rates, and bankruptcies. To help combat the effects of the pandemic, Brazil’s Minister of Economy, Paulo Guedes, announced a 750 billion BRL stimulus package on 26 March. This followed the prior plan (introduced on 23 March) of a loan of about 88 billion BRL to help local governments cope with the health demands (in addition to economic impacts) of the virus. Further, on 30 March, the Senate approved an emergency aid of R$600 to informal workers and R$1,200 to those mothers who were deemed as the head of the household. The Federal Government also put out a series of labor regulations to help companies, maintain incomes and preserve jobs – measures including the adoption of telecommuting, and special hours compensation schemes (due to chances of interruption in working hours), among others.